

## The complaint

Mr T complains that Brent Shrine Credit Union Limited didn't void a loan he says was fraudulently taken out in his name.

## What happened

Both parties are aware of the circumstances surrounding the complaint, so I won't repeat them again in detail here.

In summary, Mr T's phone was stolen while he was using it and shortly after a loan was applied for in his name with Brent Shrine for £7,999 and with interest a total of £11,770.73. Mr T says he was the victim of identity theft, however Brent Shrine noted the funds went into his current account so though he most likely made the application.

Mr T referred the complaint to our service and our Investigator upheld it. Brent Shrine disagreed so the complaint was referred to me. I issued a provisional decision in which I said:

*Based on what I've seen so far, I think it's more likely Mr T was the victim of identity theft and that the loan was taken out fraudulently in his name. I say this for a number of reasons.*

- *Mr T was using his phone when it was stolen, meaning it was unlocked and the fraudster was able to use the phone without being impeded by the security features. This explains how the fraudster was able to access his device.*
- *All of the transactions were carried out using Apple Pay, meaning no PIN was required to authorise them.*
- *When an identity check was requested on one of Mr T's current accounts at the time of the fraud it failed as the individual who carried out the identity check did not match Mr T, meaning a third party had accessed his account. Following that, Mr T's account was temporarily frozen, and a number of attempted transactions were declined due to suspected third-party fraud.*
- *A number of transactions on another of Mr T's current accounts were also refunded due to suspected fraud. And transactions related to a credit facility taken out in Mr T's name were refunded by the third party.*
- *The loan application had some of Mr T's correct information, such as his date of birth, phone number, e-mail address and postal address. Mr T has evidenced that a screenshot of his driver's license was on his phone which the fraudster had access to, which explains how they were able to access enough information for the loan to be successful. However, the other information which could not be gleaned by the driver's license was incorrect. The application stated he moved into his address in 2004, when he actually moved in 2016. And his job and salary were also incorrect; on the application it stated he was a nurse with a salary of £28,000 which does not match Mr T's genuine job description or salary.*

*On balance, having carefully considered everything available to me so far, I currently think Mr T has been the victim of identity theft in this instance and that the loan was therefore not authorised by himself. I therefore don't think it would be fair for Brent Shrine to hold Mr T to the terms and conditions of the loan agreement that I don't think he saw or agreed to. I therefore don't think Brent Shrine should hold him liable for the interest and charges and there should also be no record of the loan on his credit file. So, if there is, this should be removed.*

*I'm aware that the fraudster was not able to spend all of the capital prior to the banks being notified of the disputed transactions, meaning there was some of the capital remaining in Mr T's accounts:*

- *The total capital remaining in the first account was £1,485.01.*
- *The total capital remaining in the second account, once the credit for the fraud claim on this account is taken into consideration, was £3,819*
- *This makes a total remaining capital of £5,304.01.*

*But I also have to take into consideration that Mr T has made four repayments to the loan, totalling £1,285.56. When this is deducted from the remaining balance, this leaves £4,018.45. I think it is reasonable that Brent Shrine pursue Mr T for this remaining balance as he should not benefit from the fraudster's actions. However, this should not be done under the terms of the fraudulent loan agreement. If Brent Shrine wishes Mr T to repay the outstanding capital, they will need to come to a separate arrangement with him outside of the terms of the fraudulent loan agreement.*

*I can see a recommendation of £100 compensation was made by the Investigator. On balance I don't agree any compensation is due in the circumstances. Based on the information available at the time, I don't think Brent Shrine acted carelessly when it processed the initial loan application, so I don't think their specific actions have caused Mr T distress or inconvenience. Unfortunately, he has been the victim of a crime, but I don't think Brent Shrine should be expected to pay compensation as a result of this.*

Brent Shrine responded and accepted my provisional decision.

Mr T wanted reassurance that the loan would not appear on his credit file, and he still felt some compensation was due as a result of his treatment by Brent Shrine.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I would like to assure Mr T that my recommendation is there should be no trace of the loan on his credit file. Any information related to it, including any default, should be removed by Brent Shrine.

Brent Shrine have accepted my findings and have asked that Mr T get in contact with their collections department to set up a repayment plan for the remaining £4,018.45 of the capital, and this is in line with my recommendation.

I do appreciate Mr T's points and I have taken them into consideration. However, I'm still of the opinion that in this case, no compensation is due. Brent Shrine processed the loan application in good faith and had reason to believe Mr T was responsible for authorising

the transaction based on the information available to them.

### **Putting things right**

Brent Shrine should now write off any interest and charges related to the loan, as well as the funds lost to the fraud. All record of the loan should be removed from his credit file. Brent Shrine is able to pursue the remaining £4,018.45 of the capital, but this should be outside of the original terms of the fraudulent agreement.

### **My final decision**

I uphold Mr T's complaint against Brent Shrine Credit Union Limited and direct it to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 24 May 2024.

Rebecca Norris  
**Ombudsman**